

Minutes
Catawba County Board of Commissioners
Regular Session, Monday, November 18, 2002, 7:00 p.m.

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Transit/Piedmont Wagon

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The Catawba County Board of Commissioners met in regular session on Monday, November 18, 2002, 7:00 p.m., at the 1924 Courthouse, Robert E. Hibbitts Meeting Room, 30 North College Avenue, Newton, North Carolina.

Present were Chairman W. Steve Ikerd, Vice-Chair Marie H. Huffman, and Commissioners Katherine W. Barnes, Barbara G. Beatty and Dan A. Hunsucker.

Absent: None.

A quorum was present.

Also present were County Manager/Deputy Clerk J. Thomas Lundy, Deputy County Manager Steven D. Wyatt, County Attorney Robert Oren Eades, County Staff Attorney Debra Bechtel, and County Clerk Thelda B. Rhoney.

1. Chairman Ikerd called the meeting to order at 7:00 p.m.
2. Invocation was offered by Reverend Joel Cherry.
3. Commissioner Huffman made a motion to approve the minutes from the regular and closed sessions of Monday, November 4, 2002. The motion carried unanimously.
4. Special Guests and Public Comment.

a. Special Guests:

Chairman Ikerd recognized Representative Mitchell Setzer, Newly Elected Commissioners Lynn Lail and Glenn Barger, and Dr. Ann Hart, Catawba County Schools Superintendent. He also recognized Boy Scout Troop 321, working on citizenship badges, from the Church of Jesus Christ of Latter-day Saints in Conover, Scoutmaster Tony Jaeger.

b. Public Comment. No one spoke.

5. Public Hearings:

a. FY 2004 Catawba County Community Transportation Grant Application.

Transit Manager Piedmont Wagon Michael Bradshaw said the Community Transportation Grant Application is an annual grant that is available from the North Carolina Department of Transportation-Public Transportation Division (NCDOT-PTD). The purpose of the grant is to provide funds for administrative and capital expenses for counties that meet the requirements of coordination and consolidation. The funding covers 85 percent of allowable administrative expenses and 90 percent of capital funding. This will be the sixth year that Catawba County has qualified for the grant and made application. The FY 2004 Community Transportation Application is projecting a total of \$148,612 in administrative expenses and \$71,400 for capital expenses. The requested funding from the NCDOT will be \$126,320 for administrative expenses and \$71,400 for capital expenses. The required match from Catawba County is \$22,292 for administrative expense and \$7,140 for capital, making a total match requirement of \$29,432. The capital funding would be for the purchase of one replacement van conversion that is currently used to provide transportation to nutrition centers and for medical appointments and for the purchase of one expansion van conversion to be used to meet the increasing demands of the Catawba County citizens requesting transportation from the Community Transportation Program. The requested funds will allow the consolidated transportation system to continue to provide transportation to senior citizens, the community of the disabled, human service clients and to the general public living outside of the urbanized area. The primary trip purposes are nutrition for senior citizens, medical appointments, shopping, employment and transport to human service facilities. This application is a culmination from Resolution No. 2002-23 adopted at the October 21, 2002 Board meeting.

Chairman Ikerd opened the public hearing by saying this was the time and place as advertised for the public hearing and asked if anyone wished to speak either for or against.

There being no one wishing to speak, Chairman Ikerd closed the public hearing.

After a brief discussion, Commissioner Barnes made a motion to approve the FY 2004 Catawba County Community Transportation Grant Application. The motion carried unanimously.

b. Landfill Siting Study Findings.

County Attorney Robert Oren Eades said before you can expand a landfill or locate a new landfill within one mile to an existing landfill you have to meet the requirements of NC General Statute 153A-136 (c) which says prior to expanding an existing landfill, alternative sites must be considered for socio and demographic data that the board is required to consider. He also reviewed the following criteria for an alternative landfill that was adopted at the July 8, 2002, Board meeting and amended at the September 3, 2002, Board meeting:

1. Alternative sites must provide a landfill with 25 years of capacity.
2. Alternative sites must include not less than 600 acres consisting of not more than three parcels.
3. Costs to acquire the property and to operate a landfill at each of the alternate sites.
4. Alternate sites must be as accessible as the Blackburn Landfill.

Attorney Eades said it took many years to examine the options to provide citizens the landfill space they need. Part of the process began several years ago when the County contracted with McGill and Associates to conduct a long-range solid waste study. That study was based on the concept of expanding the Blackburn Landfill. The McGill study indicated there would be 25 years of capacity at the Blackburn Landfill.

On September 16, 2002, the Board contracted with Camp, Dresser and McKee (CDM), an engineering firm with experience in assisting counties with landfill site issues, to perform the study. Because of State regulations, CDM added two negative criteria which would disqualify alternate sites:

1. By State law, the site cannot be located within 6 miles of a public use airport. Furthermore, a site shall not be located within 10,000 feet of a public access airport runway used by turbojet aircraft or within 5,000 feet of a public access airport runway used by piston type aircraft. Private airports are not subject to these regulations.
2. The site cannot be located in the "Critical" Area of a water-supply watershed.

He introduced Mr. Joe Wiseman with CDM who presented the final report. (A copy of the entire Final Report is on file in the Utilities and Engineering Director's Office.)

Executive Summary

Background and Objectives

On September 16, 2002, the Catawba County Board of Commissioners approved a contract with CDM to complete a countywide landfill siting study. The County is in the process of planning for additional landfill capacity, and has acquired land adjacent to the Blackburn landfill and is considering acquisition of additional property in the vicinity. According to North Carolina General Statute 153A-136 (c), prior to undertaking any such expansion, the County's Board of Commissioners must first consider alternative sites, consider socioeconomic and demographic data, and hold a public hearing. The objectives of this study are to identify and select alternative landfill sites; evaluate and compare those sites to the expansion of Blackburn landfill; and recommend a single site with which to move forward in the permitting process.

Identification and Selection of Alternate Sites

Prior to the start of the study, the County Board of Commissioners adopted four criteria, by which the selected Engineer would select and evaluate alternative landfill sites. These four criteria are:

- The site shall be at least 600-acres in size and it shall be made up of not more than three contiguous parcels.
- The site shall be as accessible as the existing Blackburn Landfill.
- The site must provide at least 25-years of landfill capacity.
- The cost to acquire the site and to operate a landfill on such site must be comparable to expansion at Blackburn.

The first three criteria are selection criteria applied in Section 2 to identify and select sites. The fourth criteria is an evaluation criteria and is applied to the candidate sites in Section 3. The first three criteria are selection criteria used in this section to identify and select sites. The fourth criteria is an evaluation criteria and is applied to the candidate sites in Section 3. The rationale behind the first criteria is that 600 acres is necessary to cover the required buffer zones, unforeseen site limitations, and/or new infrastructure and borrow/fill areas. Even though the actual landfill footprint may be only 150-200 acres, 600 acres is a reasonable estimate of the quantity of land that should be available at this initial screening stage. Customer service is important to the County and accessibility to customers was chosen as an important criteria. In addition, since an appropriate level of effort for this study includes an evaluation and comparison of no more than three candidate sites, the County decided that if more than three alternative sites met the adopted criteria, then the three most accessible sites would be selected for further evaluation.

In addition to the County criteria, CDM developed a list of negative screening criteria. Negative screening criteria are regulations that would disqualify large areas of the County from housing a landfill. Many regulations can be applied only on a site specific basis and many regulations do not disqualify a landfill outright, but rather result in limitations that can make siting difficult and/or more expensive. The following two regulations were used to disqualify a site outright:

- The site cannot be located within 6-miles of a public use airport. Furthermore, a site shall not be located within 10,000 feet of a public access airport runway used by turbojet aircraft or within 5,000 feet of a public access airport runway used by piston-type aircraft. Private airports are not subject to these regulations.
- The site cannot be located in the Critical Area of a Water Supply Watershed.

After applying the County screening criteria and the negative siting criteria, three sites were chosen to consider as alternatives to an expansion at Blackburn landfill. Figure ES-1 presents a map of the locations of these sites.

Evaluation of Candidate Sites

The Proposed Blackburn Expansion Site and the three alternative sites were evaluated based on typical landfill siting criteria. In order to maintain clarity in this effort and to provide a uniform method of reviewing and screening sites, the following four categories of site evaluation criteria were established: Engineering, Institutional, Environmental, and Relative Planning Level Cost. Within each of these four broad categories, the following specific site evaluation criteria are used:

Engineering Criteria:

- Seismic Fault Lines and Seismic Impact Zones
- Site Topography
- Soil Conditions
- Roadway & Bridge Capacity
- Utilities

Institutional Criteria:

- Ownership
- Ease of Implementation
- Implementation Schedule
 - Land Use and Zoning
 - Proximity to Sensitive Receptors
 - Proximity to Critical Customers

Environmental Criteria:

- Water Supply Wells and Surface Water Intakes
- Wetlands
- Historic Sites
- Endangered or Threatened Species
- Clean Water Management Trust Fund Projects
- Hazardous Substance Disposal Sites
- Ground Water Flow Direction

- Recreational Resources

Relative Planning Level Cost

All of the specific evaluation criteria were used to form an overall rating for each site with regard to engineering, institutional, environmental, and cost criteria. These overall ratings are shown in Table E-1. In addition, socioeconomic and demographic data by census tract for all of Catawba County are presented in Section 3. The data presented suggests that no socioeconomic or demographic issues should arise regarding any of the sites.

Table ES-1 Summary of Analysis of Candidate Sites¹

Criteria	<i>Proposed Blackburn Expansion Site</i>	<i>Site 3</i>	<i>Site 6</i>	<i>Site 7</i>
Engineering	+	-	neutral	+
Institutional	+	-	neutral	neutral
Environmental	+	neutral	neutral	neutral
Cost ² (\$/cu yd)	2.34	3.28	2.78	2.54

¹ A plus sign represents an advantage over the other sites. A negative sign represents a disadvantage over the other sites. A "neutral" represents no relative advantage or disadvantage.

² Cost includes development cost. Operating cost is assumed to be about the same for all sites.

Recommendation

Based on the analysis performed in this study, CDM recommended the Proposed Blackburn Expansion Site as the preferred site for the County to proceed with the permitting process. The Proposed Blackburn Expansion Site has clear advantages over all three other sites with respect to cost, institutional, and environmental criteria. It also has a clear advantage over two of the three sites with respect to engineering criteria. Some of the more important advantages of this site include the County's ownership of a portion of the proposed expansion site, the willingness of the owner to sell the property comprising the remainder of the proposed expansion site, the anticipated ease of permitting, the proximity to the County's critical customer, the City of Hickory, and the lowest cost.

Although CDM has recommended the Proposed Blackburn Expansion site, the County must still hold a public hearing and consider input from that hearing before choosing a preferred site. It is also important to emphasize that this evaluation process provides only preliminary results on the technical suitability and apparent feasibility of each candidate site based upon readily available information and visual observations of the site areas from adjacent roadways. The evaluation is suitable for moving forward in the permitting process with the recommended site; however, the "permitability" of this site must be determined through additional, and more detailed, on-site field investigations including comprehensive surface, and subsurface site investigations.

Attorney Eades said the Proposed Blackburn Expansion Site had clear advantages over all other sites with respect to cost, institutional, and environmental criteria. One important advantage of the Blackburn site include the County's ownership of a portion of the proposed expansion site, the willingness of the owner to sell the property comprising the remainder of the proposed expansion site, the anticipated ease of permitting, the proximity to the County's critical customer, the City of Hickory, and the lowest cost.

Attorney Eades said Site 8 of the initial 14 sites is owned by the Hunsucker Family and he requested that Commissioner Hunsucker be excused from participating in the discussion and also be excused from voting.

Attorney Eades said it is good government to have full disclosure and that Site 13 is owned by his family and state law prohibits consideration of that site.

Attorney Eades said each Board member received a copy of the final report at the November 15, 2002 Board Retreat to review prior to the public hearing. He said the report was also listed on the County's

website for the public to review. Board members also had copies of the McGill and Associates study under further advisement. Attorney Eades said following the public hearing the Commissioners have several options and can take other matters into consideration per its judgment. The board members could deliberate among themselves and state reasons for their decision.

Attorney Eades said it is recommended that the Board authorize staff to continue with the expansion of the Blackburn Landfill as recommended by CDM. He said CDM identified 14 sites that met the requirements and of the 14 that only a few of those could be used.

Chairman Ikerd opened the public hearing by saying this was the time and place as advertised for the public hearing and asked if anyone wished to speak either for or against.

Mr. Paul Carter asked about the site that met the qualifications located on the Catawba River. He said the west side disqualified and one site survived even in the critical watershed.

Chairman Ikerd said that was one of the questions the Board had. The Board took the site at Riverbend Park off the list because of that reason.

Chairman Ikerd asked Mr. Wiseman to review Site 6. Mr. Wiseman said you could lay out a disposal area that falls outside the critical area. He said in general it may not be the best site for a landfill but it does meet the state's criteria.

There being no one else wishing to speak, Chairman Ikerd closed the public hearing.

Commissioner Barnes made a motion to excuse Commissioner Hunsucker from discussion or voting on the landfill site issue. The motion carried unanimously.

Commissioner Barnes said she would choose to continue the expansion at Blackburn for the reason other sites have some negativity to water features. Site 6 topography is steep and comparing costs there is a greater advantage to continue at the current Blackburn Landfill location.

Commissioner Huffman said the study proves that the Blackburn site is what she though would be the best site.

Chairman Ikerd said the minimum saving of \$17 million over the years to expand the Blackburn site is a minimum and it would cost more to move to another location. The Blackburn Landfill is centrally located and has the availability of property. He feels that Blackburn is the best site.

Commissioner Barnes made a motion to continue the expansion of the Blackburn Landfill.

Voting aye: Ikerd, Huffman, Barnes and Beatty.

Voting noe: None.

Chairman Ikerd said the motion carried unanimously.

Commissioner Hunsucker did not participate in the discussion or in the voting.

6. Appointments:

The SALT Block Foundation, Inc.

Appointment of Ms. Helen Sides, 7017 Wateredge Drive, Sherrills Ford, NC, (replacing David Stewart) to a first term ending June 30, 2004.

Community Service Block Grant Advisory Board

Appointment of Megan Evans White, PO Box 280, Catawba, NC, to replace Ivette Medina Sigmon and Andrea Pavon, 137 39th Ave. Ct. NW, Hickory, to replace Sherbia Jones, People in Poverty Representative. Both appointments will be for three-year terms ending June 30, 2005.

Catawba County Planning Board

Reappointment of Mr. Ray Von Caldwell for a ninth, four-year term. The term will end December 31, 2006.

Commissioner Barnes made a motion to approve the aforementioned appointments. The motion carried unanimously.

7. Departmental Reports:

a. Economic Development Corporation:

1. Harvest States Foods Project. (Joint Economic Development Agreement on file in the EDC President's Office.)

Catawba County Economic Development Corporation President Scott L. Millar said Cenex-Harvest States Foods, Inc. announced the construction of 86,400 s.f. on a site in Newton in August 2002, creating 70 jobs. Due to the need for expanded cubic feet and additional equipment as well as design needs for "food grade quality," their project has grown to \$15.7 million and 115,000 s.f. Harvest States will produce corn and flour tortillas and tortilla chips for retail and food service customers along the eastern seaboard. The company initially did not ask for County incentives. They are receiving a minimum of \$250,000 in property plus sharing 50/50 any tax receipts over \$250,000 for five years from the City of Newton (to encourage further expansions). The increase in new tax revenues from the initially announced project generates an additional \$39,600/year for the County for a total of \$74,250/year. The commitment by Cenex-Harvest States Foods, Inc. will amount to a new investment of \$15,700,000 over five years on a site in Newton's Danner Industrial Park. Cenex-Harvest States Foods, Inc. considered other locations inside and outside North Carolina for this investment. The contract would have provisions of default. Upon the occurrence of any material Event of Default, Catawba County would not be required to pay any further economic incentive payments under the proposed Agreement. Further, if the Company has received payments under the agreement as a result of false or misleading data, Catawba County will be reimbursed for any funding under the agreement to date. Cenex-Harvest States Foods, Inc. will have an average wage above the County average manufacturing wage.

Catawba County Taxpayers Return on Investment - Due to the structure of this incentive, the return on taxpayer's investment will always be positive. If the investment does not occur, there will be no new taxes generated. The Company will be contractually bound to invest a minimum of \$15,000,000 over five years as a result of the project. The EDC maintains documentation regarding outstanding incentive agreements and requires a Certificate of Capital Expenditures at year-end to adequately track the status of any incentive and reports this to the County Manager and EDC Board. Staff recommended the adoption of the following resolution and authorization to execute the Joint Economic Development Agreement between Catawba County and Cenex-Harvest States Foods, Inc., and the approval of the estimated expenditure of up to \$20,000 a year for a maximum of five years for grants related to this project.

**Resolution No. 2002-30
Authorizing Joint Economic Development
Agreement With Cenex-Harvest States Foods Inc.**

WHEREAS, increased industrial development and the attraction of new industries is beneficial to the citizens of Catawba County; and

WHEREAS, North Carolina General Statute 158-7.1 provides a mechanism for counties to encourage industries to locate within their jurisdiction through economic development incentives; and

WHEREAS, Catawba County proposes coming to an agreement with Cenex-Harvest States Foods Inc., whereby that business organization will increase the value of its investment in Catawba County through purchase and/or expansion of an industrial facility in Catawba County which shall cost at least FIFTEEN MILLION DOLLARS (\$15,000,000); and

WHEREAS, In exchange for the assistance by the County the granting of economic development incentives for the contemplated new facility, Cenex-Harvest States Foods Inc., agrees to make the above-described investment; and

WHEREAS, based upon the assurances of Cenex-Harvest States Foods Inc., the Catawba County Board of Commissioners has determined and found that the Cenex-Harvest States Foods Inc., investment will result in the creation of a substantial number of new jobs in the County that pay at or above the median average wage; and

WHEREAS, at its regularly scheduled meeting on November 18, 2002, the Catawba County Board of Commissioners resolved as follows:

That upon execution of a Joint Economic Development Agreement expressly binding Cenex-Harvest States Foods Inc., the County shall assist Cenex-Harvest States Foods Inc. in granting economic development incentives preliminary to the contemplated new facility, which will create the investments of Cenex-Harvest States Foods Inc. in Catawba County by FIFTEEN MILLION DOLLARS (\$15,000,000) as described in the contract, the

WHEREAS, the County Attorney and Counsel for Cenex-Harvest States Foods Inc. will draft a Joint Economic Development Agreement, and will present to the Chairman of the Board of Commissioners to reduce to writing the understandings of the parties regarding completion of the planned investment;

NOW, THEREFORE, LET IT BE RESOLVED AS FOLLOWS:

That the Chair of the Board of Commissioners is authorized to execute and deliver the Joint Economic Development Agreement.

This the 18th day of November, 2002.

/s/ W. Steve Ikerd, Chairman
Catawba County Board of Commissioners

County Attorney Robert Eades said this is not a rebate of tax funds; it is considered a grant.

After a brief discussion, Commissioner Huffman made a motion to approve the adoption of the aforementioned resolution authorizing the execution of a Joint Economic Development Agreement for the expenditure of \$20,000 for up to five years. The motion carried unanimously.

b. Facilities:

1. Catawba County Schools - Supplemental Appropriation and Transfer of Funds for Fred T. Foard Addition.

Dr. Ann Hart, Superintendent, Catawba County Schools said Fred T. Foard High School is their most crowded school with seven trailers being used as classrooms. They already have funds for the 15 classrooms and they would like to combine with a new media center and administration area and there is a costs savings of \$250,000 to \$300,000 to combine the projects.

Facilities Director Michael S. Talbert said on August 29, 2002, the Catawba County Schools received construction bids for construction and renovations at Fred T. Foard High School. Catawba County Schools awarded the Base Bid along with Alternate Bids #14 and #16 in the amount of \$3,664,000. This enabled the construction of fifteen classrooms to begin immediately. A \$9,000,000 Fred T. Foard project would have been the first project funded with 2001 School Bond proceeds, had the Bond Referendum passed. To meet critical needs at Fred T. Foard \$1,380,000 was approved in the 2002/2003 budget. Catawba County Schools now requests that the media center and the administrative area addition be completed in conjunction with the classroom additions. Alternate bid #1 (New media center, new administration area, and new main entrance) would require an additional \$1,327,000. The option to award Alternate bid #1 expires on November 20, 2002. After this date the additional work would have to be re-bid and it would cost an estimated \$300,000 more if the work is

completed at a later date.

The Board of Commissioners agreed at the budget wrap-up session to allow Catawba County Schools to use \$1,990,000 from the St. Stephens High Project for Fred T. Foard. These funds would be replaced and put back into the St. Stephens High project once the St Stephens Elementary property was sold. The buyer for the St Stephens Elementary property has walked away from the purchase.

Funding for Schools Capital Projects has been uncertain at best and as a result projects have been delayed. In addition \$1 million of ADM funding from corporate income tax will be withheld this year and is in jeopardy.

There are two small projects approved in the FY 02/03 Schools Capital Project Fund, totaling \$65,000 that Catawba County Schools has agreed to transfer to the Foard project, leaving \$1,262,000 to be funded from School Capital Projects Fund Balance. If Alternate Bid # 1 is awarded by November 20, 2002, Moss-Marlow has committed to complete the construction by July 15, 2003. Funds in the amount of \$800,000 has to come from this fiscal year and the remaining \$462,000 will be Catawba County Schools first priority for fiscal 2003/2004.

An Interagency Agreement between the County and Catawba County Schools will be executed as part of the funding for the Fred T. Foard project.

Staff recommended that the Board of Commissioners authorize the award of Alternate Bid # 1 in the amount of \$1,327,000 for a new media center, administrative area and main entrance for Fred T. Foard High School and the supplemental appropriation \$800,000 from Schools Capital Projects Fund Balance in fiscal 2002/2003, the commitment to fund \$462,000 for this project in fiscal 2003/2004 and transfer of \$65,000.

Staff also recommended that the Board of Commissioners approve an Interagency Agreement between the County and Catawba County Schools.

NORTH CAROLINA)	
)	INTERAGENCY AGREEMENT
CATAWBA COUNTY)	

AGREEMENT made this 18 day of November, 2002, by and between Catawba County (hereinafter "County") and the Catawba County Board of Education (hereinafter "Board");

Whereas, the parties are authorized to enter into this Agreement pursuant to NCGS 160A-461; and

Whereas, Board has entered, or will enter, into construction contracts for the expansion of Fred T. Foard High School in Catawba County, North Carolina, (hereinafter "Foard Expansion Project"); and

Whereas, the Board owns improved real property known as the old St. Stephens Elementary School facility, being Catawba County Tax Parcel 3723-09-16-0508 (hereinafter "Old Facility"), which Old Facility the Board has determined is no longer needed for current or anticipated future use by the Board for school purposes, and which the Board has placed on the market for sale; and

Whereas, the Board desires to begin the Foard Expansion Project as soon as possible, but in any event, prior to its receiving any proceeds from the sale of the Old Facility, and as a consequence needs financial assistance to undertake said Foard Expansion Project; and

Whereas, County currently has adequate financial resources available to assist, and desires to assist, the Board with the Foard Expansion Project; and

Whereas, County provided the Board with financial assistance on the Board's earlier request to expand St. Stephens High School (hereinafter "St. Stephens Expansion Project"); and

Whereas, The Board has decided to divert to the Foard Expansion Project, some portion of the unused funds provided by County for the St. Stephens Expansion Project, which diverted funds will be repaid by the Board to the St. Stephens Expansion Project fund upon closing the sale of the Old Facility.

Now, Therefore, in consideration of the mutual covenants and promises herein contained, the parties agree as follows:

1. County will allocate the sum of One Million Two Hundred Sixty Two Thousand Dollars (\$1,262,000) to the Board for the Foard Expansion Project.
2. The Board will, as soon as reasonably practicable, sell the Old Facility, and upon closing the sale, allocate the proceeds from any such sale according to the following list of priorities:
 - ?? First, to reimburse County the entire One Million Two Hundred Sixty Two Thousand Dollars (\$1,262,000) provided by County for the Foard Expansion Project.
 - ?? Second, to reallocate any funds provided by County for the St. Stephens Expansion Project.
 - ?? Third, for other future expansion or construction projects.
3. The parties acknowledge, understand, and agree that the terms of this Agreement shall not be interpreted so as to diminish the responsibilities and authority of the parties in the exercise of their lawful duties.

IN WITNESS WHEREOF, the parties have hereunto set their hands, on the day and year first above written.

CATAWBA COUNTY BOARD
(SEAL)

OF COMMISSIONERS

ATTEST:

By: _____
W. Steve Ikerd, Chair

Thelda Rhoney, County Clerk

(CORPORATE SEAL)

CATAWBA COUNTY BOARD OF EDUCATION
(CATAWBA COUNTY ADMINISTRATIVE
SCHOOL UNIT)

BY: _____
Betty C. Blackburn, Chair

Ann Y. Hart, Secretary,
CATAWBA COUNTY BOARD OF
EDUCATION (CATAWBA COUNTY
ADMINISTRATIVE SCHOOL UNIT)
and Superintendent of Schools

THIS INSTRUMENT has been preaudited in the manner required by the Local Government Budget and Fiscal Control Act as amended.

Date: _____

Rodney Miller, Director of Finance

APPROVED AS TO FORM:

Date: _____

Jerry E. Hess, Attorney

SUPPLEMENTAL APPROPRIATION

Revenues:

420-750050-690100	Fund Balance Applied	\$800,000
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Expenditures:

420-750100-863200-31111-3-01	Fred T Foard Addition	\$800,000
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TRANSFER

From:

420-750100-863200-31150-4-08	Gym Bleachers	\$50,000
420-750100-863200-31150-3-07	Roofing	\$15,000

To:

420-750100-863200-31111-3-01	Fred T. Foard	\$65,000
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After a brief discussion, Commissioner Barnes made a motion to approve alternate bid No. 1 in the amount of \$1,327,000; transfer of \$65,000 from existing projects; the supplemental appropriation of \$800,000 with anticipation of \$462,000 in next year's budget as a number one priority; and approval of the interagency agreement. The motion carried unanimously.

c. Finance:

1. Resolution Providing for the Issuance of General Obligation Refunding Bonds, Series 2002.

Finance Director Rodney N. Miller said local governments in North Carolina are allowed to refund existing General Obligation (G.O.) debt to take advantage of lower rates subject to certain restrictions. One of those restrictions is that the Local Government Commission, an arm of the State Treasurer's Office, requires Net Present Value (NPV) savings of at least 3.0% in order to begin the G.O. refunding process. Catawba County last refunded debt in 1993.

As of June 30, 2002, the County had \$69,650,000 in G.O. debt outstanding with issue dates ranging from March 1, 1991 to June 1, 2000. Recent financial analysis indicates that the County's current 1991, 1993 and 1994 G.O. Bonds could be refunded to achieve greater than 3% NPV savings. At current interest rates, savings of greater than \$500,000 over 12 years are expected.

The Board of Commissioners, at its October 21, 2002 meeting, approved a resolution making certain findings, authorized the filing of an application with the Local Government Commission and appointed bond counsel and a financial advisor in connection with the proposed issuance of General Obligation Refunding Bonds of the County. In addition, a bond order was introduced and approved authorizing up to \$20,000,000 in General Obligation Refunding Bonds and a public hearing was advertised as required. A public hearing was held on November 4, 2002 to discuss the order and the order was subsequently approved again as required by the Local Government Bond Act.

The Board of Commissioners is requested to adopt a resolution providing for the issuance of General Obligation Refunding Bonds, Series 2002. A projected sale date of December 10, 2002 is anticipated.

Commissioner Ikerd introduced the following resolution the title of which was read and copies of which had been previously distributed to each Commissioner:

Resolution No. 2002-31
Resolution Providing For The Issuance Of
General Obligation Refunding Bonds, Series 2002

BE IT RESOLVED by the Board of Commissioners for the County of Catawba, North Carolina (the "County"):

Section 1. The Board of Commissioners has determined and does hereby find and declare as follows:

(a) An order authorizing \$20,000,000 General Obligation Refunding Bonds was adopted by the Board of Commissioners on November 4, 2002, which order has taken effect.

(b) None of said bonds has been issued, no notes have been issued in anticipation of the receipt of the proceeds of the sale of said bonds and it is necessary to issue \$14,855,000 of said bonds at this time, subject to adjustment as provided below.

(c) The shortest period of time in which the outstanding School Bonds, Series 1991 of said County, dated March 1, 1991, to be refunded by said School Bonds can be finally paid without making it unduly burdensome on the taxpayers of the County as determined by the Local Government Commission of North Carolina (the "Commission") is a period which expires on June 1, 2006, and that the end of the unexpired usefulness of the projects financed by said School Bonds is estimated as a period of forty (40) years from March 1, 1991, the date of said School Bonds, and that such period expires on June 1, 2031.

(d) The shortest period of time in which the outstanding Community College Bonds, Series 1993 of said County, dated August 1, 1993, to be refunded by said Community College Bonds can be finally paid without making it unduly burdensome on the taxpayers of the County as determined by the Commission is a period which expires on August 1, 2013, and that the end of the unexpired usefulness of the projects financed by said Community College Bonds, is estimated as a period of forty (40) years from August 1, 1993, the date of said Community College Bonds, and that such period expires on August 1, 2033.

(e) The shortest period of time in which the outstanding School Bonds, Series 1993 of said County, dated August 1, 1993, to be refunded by said School Bonds can be finally paid without making it unduly burdensome on the taxpayers of the County as determined by the Commission is a period which expires on August 1, 2013, and that the end of the unexpired usefulness of the projects financed by said School Bonds, is estimated as a period of forty (40) years from August 1, 1993, the date of said School Bonds, and that such period expires on August 1, 2033.

(f) The shortest period of time in which the outstanding Community College Bonds, Series 1994 of said County, dated June 1, 1994, to be refunded by said Community College Bonds can be finally paid without making it unduly burdensome on the taxpayers of the County as determined by the Commission is a period which expires on June 1, 2011, and that the end of the unexpired usefulness of the projects financed by said Community College Bonds, is estimated as a period of forty (40) years from June 1, 1994, the date of said Community College Bonds, and that such period expires on June 1, 2034.

(g) The shortest period of time in which the outstanding School Bonds, Series 1994 of said County, dated June 1, 1994, to be refunded by said School Bonds can be finally paid without making it unduly burdensome on the taxpayers of the County as determined by the Commission is a period which expires on June 1, 2011, and that the end of the unexpired usefulness of the projects financed by said School Bonds, is estimated as a period of forty (40) years from June 1, 1994, the date of said School Bonds, and that such period expires on June 1, 2034.

Section 2. Pursuant to said order, there shall be issued bonds of the County in the aggregate principal amount of \$14,855,000 (subject to adjustment as hereinafter provided designated "General Obligation Refunding Bonds, Series 2002" and dated December 1, 2002 (the "Bonds"). The Bonds shall be stated to mature (subject to adjustment as hereinafter provided) annually, June 1, \$560,000 2003, \$1,090,000 2004, \$1,765,000 2005, \$2,120,000 2006, \$1,765,000 2007, \$1,725,000 2008, \$1,690,000 2009, \$1,655,000 2010, \$1,070,000 2011, \$500,000 2012, \$490,000 2013 and \$425,000 2014 and shall bear interest at a rate or rates to be determined by the Local Government Commission of North Carolina at the time the Bonds are sold, which interest to the respective maturities thereof shall be payable on semiannually on each June 1 and December 1, beginning June 1, 2003, until payment of such principal sum.

The County reserves the right to increase or decrease the principal amount of each maturity of the Bonds by an amount not to exceed \$200,000 per maturity and the aggregate principal amount of the Bonds by an amount not to exceed \$1,500,000 following the opening of bids, all as provided in the Official Statement. In the event of such increase or decrease, the principal amount of each maturity shall be increased or decreased proportionately to the extent practicable. Any such increase or decrease shall be made only to the extent necessary to effect the refunding of the bonds for which the Bonds are being issued.

Each Bond shall bear interest from the interest payment date next preceding the date on which it is authenticated unless it is (a) authenticated upon an interest payment date, in which event it shall bear interest from such interest payment date or (b) authenticated prior to the first interest payment date, in which event it shall bear interest from its date; provided, however, that if at the time of authentication interest is in default, such Bond shall bear interest from the date to which interest has been paid.

The principal of and the interest on the Bonds shall be payable in any coin or currency of the United States of America which is legal tender for the payment of public and private debts on the respective dates of payment thereof.

The Bonds shall be issued by means of a book-entry system with no physical distribution of Bond certificates to be made except as hereinafter provided. One Bond certificate with respect to each date on which the Bonds are stated to mature, in the aggregate principal amount of the Bonds stated to mature on such date and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), shall be issued and required to be deposited with DTC and immobilized in its custody. The book-entry system will evidence ownership of the Bonds in the principal amount of \$5,000 or any whole multiple thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. The principal of each Bond shall be payable to Cede & Co. or any other person appearing on the registration books of the County hereinafter provided for as the registered owner of such Bond or his registered assigns or legal representative, at such office of the Bond Registrar (hereinafter mentioned) or such other place as the County may determine upon the presentation and surrender thereof as the same shall become due and payable. Payment of the interest on each Bond shall be made by said Bond Registrar on each interest payment date to the registered owner of such Bond (or the previous Bond or Bonds evidencing the same debt as that evidenced by such Bond) at the close of business on the record date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date, by check mailed to such person at his address as it appears on such registration books; provided, however, that for so long as the Bonds are deposited with DTC, the payment of the principal of and interest on the Bonds shall be made to DTC in same-day funds by 2:30 p.m. or otherwise as determined by the rules and procedures established by DTC. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC, and transfer of principal and interest payments to beneficial owners of the Bonds by participants of DTC will be the responsibility of such participants and other nominees of such beneficial owners. The County shall not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing records maintained by DTC, its participants or persons acting through such participants.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds or (b) the Finance Director of the County determines that continuation of the book-entry system of evidence and transfer of ownership of the Bonds would adversely affect the interests of the beneficial owners of the Bonds, the County shall discontinue the book-entry system with DTC. If the County identifies another qualified securities depository to replace DTC, the County shall make arrangements with DTC and such other depository to effect such replacement and deliver replacement Bonds registered in the name of such other depository or its nominee in exchange for the outstanding Bonds, and the references to DTC or Cede & Co. in this resolution shall thereupon be deemed to mean such other depository or its nominee. If the County fails to identify another qualified securities depository to replace DTC, the County shall deliver replacement Bonds in the form of fully-registered certificates in denominations of \$5,000 or any whole multiple thereof ("Certificated Bonds") in exchange for

the outstanding Bonds as required by DTC and others. Upon the request of DTC, the County may also deliver one or more Certificated Bonds to any participant of DTC in exchange for Bonds credited to its account with DTC.

Unless indicated otherwise, the provisions of this resolution that follow shall apply to all Bonds issued or issuable hereunder, whether initially or in replacement thereof.

Section 3. The Bonds shall bear the manual or facsimile signatures of the Chairman of the Board of Commissioners and the Clerk to the Board of Commissioners of the County and the official seal or a facsimile of the official seal of the County shall be impressed or imprinted, as the case may be, on the Bonds.

The certificate of the Local Government Commission of North Carolina to be endorsed on all Bonds shall bear the manual or facsimile signature of the Secretary or Acting Secretary of said Commission, and the certificate of authentication of the Bond Registrar to be endorsed on all Bonds shall be executed as hereinafter provided.

In case any officer of the County or the Local Government Commission of North Carolina whose manual or facsimile signature shall appear on any Bonds shall cease to be such officer before the delivery of such Bonds, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery, and any Bond may bear the manual or facsimile signatures of such persons as at the actual time of the execution of such Bond shall be the proper officers to sign such Bond although at the date of such Bond such persons may not have been such officers.

No Bond shall be valid or become obligatory for any purpose or be entitled to any benefit or security under this resolution until it shall have been authenticated by the execution by the Bond Registrar of the certificate of authentication endorsed thereon.

The Bonds and the endorsements thereon shall be in substantially the following form:

No. R-_____ \$_____

United States of America
State of North Carolina

COUNTY OF CATAWBA
GENERAL OBLIGATION REFUNDING BOND, SERIES 2002

Maturity Date

Interest Rate

CUSIP

June 1, _____ %

The County of Catawba, in the State of North Carolina, is justly indebted and for value received hereby promises to pay to

CEDE & CO.

or registered assigns or legal representative on the date specified above, upon the presentation and surrender hereof, at the office of the Finance Director of said County (the "Bond Registrar"), in Catawba County, North Carolina, the principal sum of

_____ DOLLARS

and to pay interest on such principal sum from the date hereof or from the June 1 or December 1 next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is a June 1 or December 1 to which interest shall have been paid, in which case from such date, such interest to the maturity hereof being payable on June 1, 2003 and semiannually thereafter on each June 1 and December 1, at the rate per annum specified above, until payment of such principal sum. The interest so payable on any

such interest payment date will be paid to the person in whose name this bond (or the previous bond or bonds evidencing the same debt as that evidenced by this bond) is registered at the close of business on the record date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date, by check mailed to such person at his address as it appears on the bond registration books of said County; provided, however, that for so long as the Bonds (hereinafter defined) are deposited with The Depository Trust Company, New York, New York ("DTC"), the payment of the principal of and interest on the Bonds shall be made to DTC in same-day funds by 2:30 p.m. or otherwise as determined by the rules and procedures established by DTC. Both the principal of and the interest on this Bond shall be paid in any coin or currency of the United States of America that is legal tender for the payment of public and private debts on the respective dates of payment thereof. For the prompt payment hereof, both principal and interest as the same shall become due, the faith and credit of said County are hereby irrevocably pledged.

This bond is one of an issue of bonds designated "General Obligation Refunding Bonds, Series 2002" (the "Bonds") and issued by said County for the purpose of providing funds, with any other available funds, for refunding all or a portion of the County's outstanding School Bonds, Series 1991, dated March 1, 1991; Community College Bonds, Series 1993, dated August 1, 1993; School Bonds, Series 1993, dated August 1, 1993; Community College Bonds, Series 1994, dated June 1, 1994; and School Bonds, Series 1994, dated June 1, 1994. The Bonds are issued under and pursuant to The Local Government Bond Act, as amended, Article 7, as amended, of Chapter 159 of the General Statutes of North Carolina, an order adopted by the Board of Commissioners of said County, which order has taken effect, and a resolution duly passed by said Board of Commissioners (the "Resolution").

The Bonds maturing on or prior to June 1, 2012 will not be subject to redemption prior to their maturity. The Bonds maturing on June 1, 2013 and 2014 will be subject to redemption prior to their maturity, at the option of the County, from any moneys that may be made available for such purpose, either in whole or in part on any date not earlier than June 1, 2012, at a redemption price of 100% of the principal amount of the Bonds to be redeemed, plus accrued interest to the date fixed for redemption.

The Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Resolution. One Bond certificate with respect to each date on which the Bonds are stated to mature, in the aggregate principal amount of the Bonds stated to mature on such date and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), is being issued and required to be deposited with DTC and immobilized in its custody. The book-entry system will evidence ownership of the Bonds in the principal amount of \$5,000 or any whole multiple thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC, and transfer of principal and interest payments to beneficial owners of the Bonds by participants of DTC will be the responsibility of such participants and other nominees of such beneficial owners. Said County will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

In certain events, said County will be authorized to deliver replacement Bonds in the form of fully-registered certificates in the denomination of \$5,000 or any whole multiple thereof in exchange for the outstanding Bonds as provided in the Resolution.

At the office of the Bond Registrar, in the manner and subject to the conditions provided in the Resolution, Bonds may be exchanged for an equal aggregate principal amount of Bonds of the same maturity, of authorized denominations and bearing interest at the same rate.

The Bond Registrar shall keep at his office the books of said County for the registration of transfer of Bonds. The transfer of this bond may be registered only upon such books and as otherwise provided in the Resolution upon the surrender hereof to the Bond Registrar together with an assignment duly executed by the registered owner hereof or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar. Upon any such registration of transfer, the Bond Registrar shall deliver in exchange for this bond a new Bond

or Bonds, registered in the name of the transferee, of authorized denominations, in an aggregate principal amount equal to the principal amount of this bond, of the same maturity and bearing interest at the same rate.

It is hereby certified and recited that all acts, conditions and things required by the Constitution and laws of North Carolina to happen, exist and be performed precedent to and in the issuance of this bond have happened, exist and have been performed in regular and due form and time as so required; that provision has been made for the levy and collection of a direct annual tax upon all taxable property within said County sufficient to pay the principal of and the interest on this bond as the same shall become due; and that the total indebtedness of said County, including this bond, does not exceed any constitutional or statutory limitation thereon.

This bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Resolution until this bond shall have been authenticated by the execution by the Bond Registrar of the certificate of authentication endorsed hereon.

IN WITNESS WHEREOF, the County of Catawba, North Carolina, by resolution duly passed by its Board of Commissioners, has caused this bond to be manually signed by the Chairman of the Board of Commissioners and the Clerk to the Board of said County and its official seal to be impressed hereon, all as of the 1st day of December, 2002.

Chairman of the Board of Commissioners

[SEAL]

Clerk to the Board of Commissioners

CERTIFICATE OF LOCAL GOVERNMENT COMMISSION

The issuance of the within bond has been approved under the provisions of The Local Government Bond Act of North Carolina.

Acting Secretary of the Local Government Commission of North Carolina

CERTIFICATE OF AUTHENTICATION

This bond is one of the Bonds of the series designated herein and issued under the provisions of the within-mentioned Resolution.

Finance Director, as Bond Registrar

Date of authentication: December __, 2002

ASSIGNMENT

FOR VALUE RECEIVED the undersigned registered owner thereof hereby sells, assigns and transfers unto

the within bond and all rights thereunder and hereby irrevocably constitutes and appoints

attorney to register the transfer of said bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

In the presence of:

NOTICE: The signature must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

The signature to this assignment must correspond with the name as it appears on the face of the within Bond in every particular, without alteration of enlargement or any change whatever.

Certificated Bonds issuable hereunder shall be in substantially the form of the Bonds registered in the name of Cede & Co. with such changes as are necessary to reflect the provisions of this resolution that are applicable to Certificated Bonds.

Section 4. The Bonds maturing on or prior to June 1, 2012 will not be subject to redemption prior to their maturity. The Bonds maturing on June 1, 2013 and 2014 will be subject to redemption prior to their maturity, at the option of the County, from any moneys that may be made available for such purpose, either in whole or in part on any date not earlier than June 1, 2012, at a redemption price of 100% of the principal amount of the Bonds to be redeemed, plus accrued interest to the date fixed for redemption.

Section 5. Bonds, upon surrender thereof at the office of the Bond Registrar, together with an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of Bonds of the same maturity, of any denomination or denominations authorized by this resolution and bearing interest at the same rate.

The transfer of any Bond may be registered only upon the registration books of the County upon the surrender thereof to the Bond Registrar together with an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar. Upon any such registration of transfer, the Bond Registrar shall authenticate and deliver in exchange for such Bond a new Bond or Bonds, registered in the name of the transferee, of any denomination or denominations authorized by this resolution, in an aggregate principal amount equal to the principal amount of such Bond so surrendered, of the same maturity and bearing interest at the same rate.

In all cases in which Bonds shall be exchanged or the transfer of Bonds shall be registered hereunder, the Bond Registrar shall authenticate and deliver at the earliest practicable time

Bonds in accordance with the provisions of this resolution. All Bonds surrendered in any such exchange or registration of transfer shall forthwith be canceled by the Bond Registrar. The County or the Bond Registrar may make a charge for shipping and out-of-pocket costs for every such exchange or registration of transfer of Bonds sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge shall be made by the County or the Bond Registrar for exchanging or registering the transfer of Bonds under this resolution.

As to any Bond, the person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of any such Bond and the interest on any such Bond shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond, including the interest thereon, to the extent of the sum or sums so paid.

The County shall appoint such registrars, transfer agents, depositaries or other agents as may be necessary for the registration, registration of transfer and exchange of Bonds within a reasonable time according to then current commercial standards and for the timely payment of principal and interest with respect to the Bonds. The Finance Director of the County, or any person at anytime acting in such capacity, is hereby appointed the registrar, transfer agent and paying agent for the Bonds (collectively, the "Bond Registrar"), subject to the right of the Board of Commissioners of the County to appoint another Bond Registrar, and as such shall keep at his office in the County, the books of the County for the registration, registration of transfer, exchange and payment of the Bonds as provided in this resolution.

Section 6. The County covenants that, to the extent permitted by the Constitution and laws of the State of North Carolina, it will comply with the requirements of the Internal Revenue Code of 1986 (the "Code"), as amended or as may be amended from time to time, and any Treasury regulations now or hereafter promulgated thereunder, to the extent necessary so that interest on the bond will not be included in gross income of the owners of the Bonds for purposes of federal income tax.

Section 7. The action of the Chairman of the Board of Commissioners, the County Manager, the Finance Director and the Clerk to the Board of Commissioners of the County in applying to the Local Government Commission of North Carolina to advertise and sell the Bonds is hereby ratified and confirmed, and the Local Government Commission of North Carolina is hereby requested to ask for sealed bids for the Bonds by publishing notices and distributing a Preliminary Official Statement relating to the sale of the Bonds. Such Preliminary Official Statement, dated on or about November 27, 2002, in substantially the form presented at this meeting, is hereby authorized and approved.

The preparation of a final Official Statement (the "Final Official Statement"), which will be in the form of the Preliminary Official Statement, but will include certain pricing and other information to be made available to the successful bidder for the Bonds by the Local Government Commission of North Carolina, is hereby approved, and the Chairman of the Board of Commissioners, the County Manager and the Finance Director of the County are each hereby authorized to execute and delivery such Final Official Statement for and on the behalf of the County, and such execution and delivery shall be conclusive evidence of the approval of the Board of Commissioners of the Final Official Statement.

Section 8. The County hereby undertakes, for the benefit of the beneficial owners of the Bonds, to provide:

(a) by not later than seven months from the end of each fiscal year of the County, beginning with the fiscal year ending June 30, 2003, to each nationally recognized municipal securities information repository ("NRMSIR") and to the state information depository for the State of North Carolina ("SID"), if any, audited financial statements of the County for such Fiscal Year, if available, prepared in accordance with Section 159-34 of the General Statutes of North Carolina, as it may be amended from time to time, or any successor statute, or, if such audited financial statements of the County are not available by seven months from the end of such fiscal year, unaudited financial statements of the County for such fiscal year to be replaced

subsequently by audited financial statements of the County to be delivered within fifteen (15) days after such audited financial statements become available for distribution;

(b) by not later than seven months from the end of each fiscal year of the County, beginning with the fiscal year ending June 30, 2003, to each NRMSIR, and to the SID, if any, (i) the financial and statistical data as of a date not earlier than the end of the preceding fiscal year for the type of information included under the headings "The County - Debt Information and - Tax Information" (excluding any information on underlying units) in the Final Official Statement relating to the Bonds and (ii) the combined budget of the County for the current fiscal year, to the extent such items are not included in the audited financial statements referred to in (a) above;

(c) in a timely manner, to each NRMSIR or to the Municipal Securities Rulemaking Board ("MSRB"), and to the SID, if any, notice of any of the following events with respect to the Bonds, if material:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (7) modification to the rights of the beneficial owners of the Bonds;
- (8) bond calls;
- (9) defeasances;
- (10) release, substitution or sale of any property securing repayment of the Bonds; and
- (11) rating changes; and

(d) in a timely manner, to each NRMSIR or to the MSRB, and to the SID, if any, notice of a failure of the County to provide required annual financial information described in (a) or (b) above on or before the date specified.

If the County fails to comply with the undertaking described above, any beneficial owner of the Bonds may take action to protect and enforce the rights of all beneficial owners with respect to such undertaking, including an action for specific performance; provided, however, that failure to comply with such undertaking shall not be an event of default and shall not result in any acceleration of payment of the Bonds. All actions shall be instituted, had and maintained in the manner provided in this paragraph for the benefit of all beneficial owners of the Bonds.

The County reserves the right to modify from time to time the information to be provided to the extent necessary or appropriate in the judgment of the County, provided that:

(a) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the County;

(b) the information to be provided, as modified, would have complied with the requirements of Rule 15c2-12 issued under the Securities Exchange Act of 1934 ("Rule 15c2-12") as of the date of the Official Statement, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any changes in circumstances; and

(c) any such modification does not materially impair the interests of the beneficial owners of the Bonds, as determined either by parties unaffiliated with the County (such as bond counsel), or by the approving vote of the registered owners of a majority in principal amount of the Bonds pursuant to the terms of this resolution, as this resolution may be amended from time to time, at the time of such amendment.

In the event that the County makes such a modification, the annual financial information containing the modified operating data or financial information shall explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

The provisions of this Section shall terminate upon payment, or provision having been made for payment in a manner consistent with Rule 15c2-12, in full of the principal of and interest on all of the Bonds.

Section 9. Wachovia Bank, National Association, in the City of Charlotte, North Carolina, is hereby appointed as escrow agent (the "Escrow Agent") in connection with the refunding of the bonds to be refunded mentioned in Section 11 below, subject to the right of the Board of Commissioners of the County to appoint another Escrow Agent as provided in the Escrow Deposit Agreement (hereinafter mentioned), and as such shall perform its responsibilities as provided in the Escrow Deposit Agreement. The Escrow Deposit Agreement, to be dated December 1, 2002 (the "Escrow Deposit Agreement"), between the County and the Escrow Agent, in substantially the form presented at this meeting, and the creation of the Escrow Fund thereunder and the other arrangements to accomplish such refunding, is hereby approved, and the Chairman of the Board of Commissioners and the Clerk to the Board of Commissioners of the County are each hereby authorized to execute and deliver the Escrow Deposit Agreement for and on behalf of the County with such additions, deletions and changes as they deem necessary.

Section 10. The appointment of Legg Mason Wood Walker, Inc., Winston-Salem, North Carolina, as financial advisor to the County in connection with the issuance of the Bonds, as described under the caption "Financial Advisor" in the Official Statement, is hereby approved, ratified and confirmed. Legg Mason Wood Walker, Inc. is hereby given permission to submit a competitive bid at the public sale for the Bonds, and may acquire as principal or as a participant in a syndicate of underwriters, all or a portion of the Bonds.

Section 11. Subject to the next succeeding sentence, the County hereby determines to refund (a) all of the County's outstanding School Bonds, Series 1991, dated March 1, 1991, maturing June 1, 2003 to 2006, inclusive; (b) all of the County's outstanding Community College Bonds, Series 1993, dated August 1, 1993, maturing August 1, 2003 to 2013, inclusive; (c) all of the County's School Bonds, Series 1993, dated August 1, 1993, maturing August 1, 2003 to 2013, inclusive; (d) all of the County's outstanding School Bonds, Series 1994, dated June 1, 1994, maturing June 1, 2005 to 2011, inclusive; and (e) all of the Community College Bonds, Series 1994, dated June 1, 1994, maturing June 1, 2003 and 2005 to 2011, inclusive. If, on the date of sale of the Bonds, the Finance Director of the County shall determine that it is in the best economic interests of the County not to refund all or any portion of any series of such bonds or that it is necessary to refund other maturities of such series of bonds, the Finance Director is hereby authorized to make changes in the amount and maturities of such series of bonds to be refunded, such changes to be set forth in a certificate of the Finance Director to be delivered on the date of issuance of the Bonds and in the Escrow Deposit Agreement.

Subject to refunding of such bonds in accordance with Section 11 of this resolution, (a) all off the County's outstanding School Bonds, Series 1991, dated March 1, 1991, and stated to mature on June 1, 2003 to 2006, inclusive; Community College Bonds, Series 1993, dated August 1, 1993, and stated to mature on August 1, 2003 to 2013, inclusive; and School Bonds, Series 1993, dated August 1, 1993, and stated to mature on August 1, 2003 to 2013, inclusive, are hereby irrevocably called for redemption on January 24, 2003, in accordance with the resolution authorizing the issuance of said bonds, this resolution and the Escrow Deposit Agreement and (b) all of the County's outstanding School Bonds, Series 1994, dated June 1, 1994, and stated to mature on June 1, 2005 to 2011, inclusive; and Community College Bonds, Series 1994, dated June 1, 1994, and stated to mature on June 1, 2005 to 2011, inclusive, are hereby irrevocably called for redemption on June 1, 2004, in accordance with the resolution authorizing the issuance of said bonds, this resolution and the Escrow Deposit Agreement. The Escrow Agent is hereby directed to provide notices of such redemption at the times and in the manner set forth in the resolution authorizing the issuance of said bonds and the Escrow Deposit Agreement.

Section 12. The Chairman of the Board of Commissioners, the Clerk to the Board of Commissioners, the County Manager and the Finance Director of the County are hereby authorized and directed to execute and delivery such closing and other documents necessary for the purpose of facilitating the sale and issuance of the Bonds in a manner consistent with the terms of this resolution.

Section 13. This resolution shall take effect upon its passage, except for Section 11 of this resolution which shall become effective only upon the issuance of the Bonds.

Upon motion of Commissioner Barnes, seconded (N/A), the foregoing resolution entitled "RESOLUTION PROVIDING FOR THE ISSUANCE OF GENERAL OBLIGATION REFUNDING BONDS, SERIES 2002" was passed by the following vote:

Ayes: Ikerd, Huffman, Barnes, Beatty, and Hunsucker.

Noes: None.

* * * * *

I, Thelda B. Rhoney, Clerk to the Board of Commissioners of the County of Catawba, North Carolina, DO HEREBY CERTIFY that the foregoing has been carefully copied from the actually recorded minutes of the Board of Commissioners of said County at a regular meeting held on November 18, 2002, as recorded in the minutes of the Board of Commissioners and is a true copy of so much of said minutes as relates in any way to the passage of a resolution providing for the issuance of General Obligation Refunding Bonds, Series 2002 of said County.

I DO HEREBY FURTHER CERTIFY that a schedule of the regular meetings of the Board of Commissioners, stating that the regular meetings of the Board of Commissioners of the County of Catawba, North Carolina, are held in the Robert E. Hibbitts Meeting Room at the 1924 Courthouse in Newton, North Carolina, on the first Monday of each month at 9:30 a.m. and on the third Monday of each month at 7:00 p.m., has been on file in my office at least seven calendar days prior to said meeting in accordance with G.S. 143-318.12.

WITNESS my hand and the official seal of said County this 18th day of November, 2002.

/s/ Clerk to the Board of Commissioners

[SEAL]

8. Attorneys' Report.

- a. Catawba County Historical Association Lease of 1924 Catawba County Courthouse. (Copy of Lease on file in the Office of the Register of Deeds.)

County Attorney Robert Oren Eades said on behalf of the Catawba County Historical Association, he request the Catawba County Board of Commissioners approve a Lease for a portion of the 1924 Catawba County Courthouse by and between Catawba County and the Catawba County Historical Association. Said Lease will be for an initial term of 50 years with an option to renew for successive 50 year terms.

In April of 1992, the Catawba County Historical Association and Catawba County entered into a Lease by which the County leased to the Historical Association a portion of the 1924 Courthouse for use as a historical museum. That initial Lease provided for a term of 10 years, with unlimited successive 10 year terms. At the same time, the Historical Association leased to Catawba County a building and property, located on NC Highway 321, comprising the site of its former historical museum, also for a 10 year term. Both of these Leases have now expired. In the ensuing 10 years, the County has made improvements to the 321 property and has used it for a variety of purposes related to various mental health programs administered by Catawba County. In this same time period, the Historical Association has made improvements to the leased portions of the 1924 Courthouse and has used the leased space as a historical museum, housing both permanent and traveling exhibits.

In light of the respective needs of both Catawba County and the Historical Association, it is now proposed that the Historical Association convey fee simple ownership of its former museum property to Catawba County. In exchange for this transfer of ownership, Catawba County will enter into a long term Lease with the Historical Association for portions of the 1924 Courthouse.

As consideration for the Lease, in addition to the transfer of ownership of its former museum property, the Historical Association will pay to Catawba County annual rent in the amount of \$1.00 and will agree to occupy the leased premises according to the terms and conditions of the Lease.

County Attorney Eades recommend the Board of Commissioners approve a Lease by and between Catawba County and the Catawba County Historical Association whereby the County leases to the Historical Association a portion of the 1924 Courthouse for use as a Museum of History.

RESOLUTION NO. 2002-32
Authorization To Execute Lease
With The Catawba County Historical Association
For Portions Of The 1924 Catawba County Courthouse

WHEREAS, Catawba County is the owner of the 1924 Catawba County Courthouse and has, in that capacity, previously leased a portion of said building to the Catawba County Historical Association for use as a Museum of History for the people of Catawba County; and

WHEREAS, said Lease has expired; and

WHEREAS, it is the desire of both Catawba County and the Catawba County Historical Association to enter into a new Lease by which the Catawba County Historical Association will Lease a portion of the 1924 Courthouse for continued use as a Museum of History, with an initial term of 50 years and the right to extend for additional fifty year terms, with the Catawba County Historical Association to pay annual rent of \$1.00 and to transfer certain improved real property (the former Catawba County Museum of Hickory site located on N.C. Highway 321) in fee simple to Catawba County;

NOW THEREFORE BE IT RESOLVED, by the Board of Commissioners of Catawba County, North Carolina, sitting in open session of this 18th day of November, 2002 at a regularly scheduled meeting of the governing body of said Board, duly called and posted in accordance with the statutes of the State of North Carolina, that the Chairman of the Board and County Manager are given the authority and direction to execute the Lease presented to the Board and to which this Resolution is attached.

Done this 18th day of November, 2002.

/s/ W. Steve Ikerd, Chairman
Catawba County Board of Commissioners

Commissioner Barnes made a motion to adopt the aforementioned resolution for authorization to execute lease with the Catawba County Historical Association for portions of the 1924 Catawba County Courthouse. The motion carried unanimously.

Attorney Eades briefly described projects the Historical Association was involved in and he said Volume II of the Catawba County History will be available soon and the history is planned to be extended to Volume III.

Attorney Eades thanked Commissioners Huffman and Ikerd for their leadership.

9. Manager's Report:

a. Use of 1924 Courthouse Grounds.

County Manager J. Thomas Lundy said a public use application and authorization was received by the County Clerk's Office on November 12, 2002, from Ms. Anne Stedman, for a request for the City of Newton Festival and Events Committee's to use the 1924 Courthouse Grounds for a Tree Lighting Ceremony on Sunday, December 1, 2002, from 5:30 p.m. until 8:00 p.m.

Chairman Ikerd made a motion to approve the aforementioned request for use of the 1924 Courthouse grounds for a Tree Lighting Ceremony on Sunday, December 1, 2002. The motion carried unanimously.

10. Other items of business:

a. Recognition of Retiring Commissioners.

Commissioner Barnes requested that retiring Chairman Ikerd and Vice Chair Huffman please join her in front of the dais. Commissioner Barnes also welcomed the family members to join them.

Chairman Ikerd recognized his wife, children and grandchildren.

Vice Chair Huffman recognized her husband.

Commissioner Barnes said Chairman Ikerd and Vice Chair Huffman represent 18 years of service to Catawba County.

Commissioner Hunsucker presented the following award to Chairman Ikerd:

**Distinguished Public Service Award
Presented to W. Steve Ikerd, Catawba County Commissioner**

WHEREAS, Catawba County, throughout its history, has had many individuals who have volunteered for public service and have made us justifiably proud. Trust, integrity, responsibility, and concern for fellow citizens and the community guided the decisions and actions of these leaders; and

WHEREAS, W. Steve Ikerd, retiring member of the Catawba County Board of Commissioners, is one of those unique individuals and is retiring after eight years of public service; and

WHEREAS, Commissioner W. Steve Ikerd's career serves as an outstanding example to any who may choose to follow in his footsteps. He has devoted his time, energy and talents to the county, region, state and nation, serving with unfailing integrity, dignity, and thoughtful reflection; and

WHEREAS, Commissioner W. Steve Ikerd took office on December 7, 1994; served as Vice Chairman from December 4, 2000, through December 3, 2001; and as Board Chairman from December 3, 2001, through December 2, 2002. During his tenure, he was also a member of the Western Piedmont Council of Governments Board, Public Health Board, Mental Health Services Board, and Catawba Valley Medical Center Board of Trustees; and

WHEREAS, Commissioner W. Steve Ikerd has worked constantly to further Catawba County's economic, cultural and aesthetic development; as evidenced by his service on the Board of Directors of the North Carolina Association of County Commissioners; and

WHEREAS, Commissioner W. Steve Ikerd has been honored for his success in business and public service by receiving the 2002 Chairman's Award presented by the Catawba County Chamber of Commerce. This award recognizes area business leaders who have demonstrated faith in the county's economic future by making investment decisions that transformed their companies and strengthened the overall economy and community; and

WHEREAS, Commissioner W. Steve Ikerd has invested heavily in Hickory and Catawba County creating and providing jobs for hundreds of people; and

WHEREAS, Commissioner W. Steve Ikerd gave in-depth consideration to all of the issues and challenges facing Catawba County Government. He has become particularly knowledgeable on the issue of effective solid waste management and is known throughout the community for his commitment to conservative and cost-efficient use of County funds.

NOW, THEREFORE, WE, the Catawba County Board of Commissioners, express deep gratitude and sincere appreciation to Commissioner W. Steve Ikerd for his leadership, and dedicated and distinguished service to Catawba County. In tribute to his years of public service, and his compassion and concern for his fellow citizens, an oak tree will be planted on the Government Center grounds in his honor; an engraved brass paperweight will be given to him to remind him always that his dedicated public service has made Catawba County a better place to live; and the Welcome Center at Riverbend Park will be named the Huffman-Ikerd Welcome Center in his and Commissioner Huffman's honor. A ceremonial gavel is presented in recognition of his leadership as Chairman of the Catawba County Board of Commissioners.

FURTHER, this award conveys the Board's best wishes for Commissioner Ikerd's extended health and enjoyable retirement with his wife Betty, children, and grandchildren.

This the 18th day of November, 2002.

Katherine "Kitty" W. Barnes

Barbara G. Beatty

Dan A. Hunsucker

Commissioner Beatty presented the following award to Vice Chair Huffman:

**Distinguished Public Service Award
Presented to Marie H. Huffman, Catawba County Commissioner**

WHEREAS, Catawba County, throughout its history, has had many individuals who have volunteered for public service and have made us justifiably proud. Trust, integrity, responsibility, and concern for fellow citizens and the community guided the decisions and actions of these leaders; and

WHEREAS, Marie H. Huffman, retiring member of the Catawba County Board of Commissioners, is one of those unique individuals and is retiring after ten years of public service; and

WHEREAS, Commissioner Marie H. Huffman's career serves as an outstanding example to any who may choose to follow in her footsteps. She has devoted her time, energy and talents to the county, region, state and nation, serving with unfailing integrity, dignity, and thoughtful reflection; and

WHEREAS, Commissioner Marie H. Huffman took office on December 7, 1992, and served as Vice-Chair from December 7, 1998, through December 4, 2000, and again from December 3, 2001, through December 2, 2002; and as Board Chair from December 4, 2000, through December 3, 2001. She also served on the Western Piedmont Council of Governments Policy Board, Mental Health Services Board and Social Services Board during her tenure on the Board of Commissioners; and

WHEREAS, Commissioner Marie H. Huffman has worked constantly to further the economic, cultural and aesthetic development of our county; as evidenced by her service on the Board of Directors of the Catawba County Partnership for Children; the Metropolitan Planning Organization; the Hickory-Newton-Conover Transportation Advisory Committee; the National Association of Counties' Telecommunication/Technology and Transportation Steering Committees; and the North Carolina Association of County Commissioners' Mental Health Advisory Board and Legislative Goals Committee; and

WHEREAS, Commissioner Marie H. Huffman has been honored for her success in business and public service with the 1998 Achievement Award of the *Business Journal*, a Charlotte area business magazine; and was named a "Woman of Distinction" in 1999 by the Catawba Valley Girl Scout Council.

WHEREAS, Commissioner Marie H. Huffman's kindness and concern for the welfare of our citizens have been a hallmark of her tenure as Commissioner. She has carefully studied the issues facing Catawba County Government, always seeking to determine whether an issue was fair to everyone and was the best course of action. She has been particularly concerned about education and the cost-effective delivery of human services.

NOW, THEREFORE, WE, the Catawba County Board of Commissioners, express deep gratitude and sincere appreciation to Commissioner Marie H. Huffman for her leadership, and dedicated and distinguished service to Catawba County. In tribute to her years of public service, and compassion and concern for her fellow citizens, an oak tree will be planted on the Government Center grounds in her honor; an engraved brass paperweight will be given to her to remind her always that her dedicated public service has made Catawba County a better place to live; and the Welcome Center at Riverbend Park will be named the Huffman-Ikerd Welcome Center in her and Commissioner Ikerd's honor. A ceremonial gavel is presented in recognition of her leadership as Chair of the Catawba County Board of Commissioners.

FURTHER, this award conveys the Board's best wishes for Commissioner Huffman's extended health and enjoyable retirement with her husband Mike, children, and grandchildren.

This the 18th day of November, 2002.

Katherine "Kitty" W. Barnes

Barbara G. Beatty

Dan A. Hunsucker

b. Presentation by Representative Mitchell S. Setzer.

Representative Mitchell Setzer presented Ms. Huffman and Mr. Ikerd with a North Carolina State Seal. Mr. Setzer also presented them with the prestigious, Order of the Long Leaf Pine, the highest honor conferred by the Governor.

Commissioner Barnes asked if anyone in the audience wished to speak.

Commissioners Beatty and Hunsucker said it had been a pleasure serving with Commissioners Huffman and Ikerd.

County J. Thomas Lundy said Commissioners Huffman and Ikerd had deep roots in the community as life long residents. Both had brought a solid business sense to the Board. Both been very practical and straight forward. Each had its own style. Commissioner Huffman was always upbeat and positive and always had a smile on her face. He said Ms. Huffman made history in Catawba County by serving as the first woman vice chair and chair. He said Mr. Ikerd's background and expertise in development has been invaluable to staff. He said he knows how much time the commissioners put in to get the job done. Always focused on the long term. On behalf of the staff, both have respected the staff.

Vice Chair Huffman said she only wanted to serve her friends and neighbors and she feels she had done that and served fair and honest. She enjoyed working with staff and serving with the other Commissioners.

Chairman Ikerd said there were a number of historical events that happen during his tenure. He said it has been good government. He said the most proud and most controversial issue was the Small Area Plan. He offered Glenn Barger and Lynn Lail best wishes. He said it is important to make good decisions for future generations. He said the landfill was a major effort to continue at the Blackburn Landfill. He thanked and commended staff for the job they do on a daily basis. He said he felt the unemployment figures were temporary.

Mark Ikerd said he was proud of his dad and also Vice Chair Huffman as she was like part of their family.

Shawn Charles thanked the retiring Board members for their service to Catawba County.

Gerald Kamp thanked the retiring Board members and he appreciated their honesty.

Newly elected Commissioner Glenn Barger thanked the retiring Board members for the opportunities they gave the students in Catawba County and to him as he previously served as Superintendent of Catawba County Schools. He thanked them for their service.

Reverend Joel Cherry thanked the retiring Board members for listening to its citizens and he thanked them for their service.

Mike Abernethy, husband of Marie Huffman, said having been a Commissioner he knew it was a difficult job and he thanked the retiring Board members for their service.

Commissioner Barnes said it had been a historic evening.

Chairman Ikerd and Vice Chair Huffman both said they were leaving the board with very qualified members and newly elected members.

11. Adjournment.

At 8:50 p.m., there being no further business to come before the Board, Commissioner Hunsucker made a motion to adjourn. The motion carried unanimously.

W. Steve Ikerd, Chairman
Catawba County Board of Commissioners

Thelda B. Rhoney
County Clerk